FEDERAL BUREAU OF INVESTIGATION
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customers and agents/distributors. [redacted] managed to keep BRL's upper-management in the dark regarding said expenditures. b6 b7C

One of BRL-Russia's former GM's, Sergei Pablikov, had a lot of influence with Russian blood banks and hospitals, but his tenure ended due to his apparent suicide. After [redacted] received FCPA training, she gained an understanding that she should have asked more questions during her previous encounters with accounting irregularities. b6 b7C

VIETNAM

[redacted] was unaware of any improprieties concerning commission payments made in Vietnam. She reviewed emails referring to said payments, but denied any knowledge of the emails. b6 b7C

BRL further advised the DOJ of potential violations in Vietnam and Thailand. BRL sold products to hospitals in both countries; many of the hospitals are evidently government owned. It is probable that a large percentage of those sales involved kickbacks. For example, in Vietnam, it is estimated that 70% of all sales involve kickbacks. BRL's Thai and Vietnamese operations are controlled by BRL's regional headquarters in Singapore.

Based on the above stated information, DOJ/FBI seeks to determine if BRL had knowledge of the alleged briberies or attempted briberies, and if, in fact, said briberies occurred. The investigation will focus on BRL's consultancy relationships with foreign companies, and its use of them as intermediaries for the purpose of circumventing the restrictions imposed by the Foreign Corrupt Practices Act. The FBI is concurrently investigating this case with DOJ trial attorneys [redacted] and [redacted] as well as AUSA [redacted] from the Northern District of California. b6 b7C

BRL is currently conducting an internal investigation concerning the potential FCPA violations. The law firm conducting that investigation is Steptoe & Johnson LLP, and the lead attorney is [redacted] b6 b7C

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 06/07/2010

To: San Francisco
Criminal Investigative **Attn:** International Corruption Unit

From: San Francisco
Squad C-6/Oakland RA
Contact: SA [redacted] b6 b7C

Approved By: [redacted] SM

Drafted By: [redacted] epw EPW

Case ID #: 205-SF-~~NEW~~ (Pending) 146500

Title: BIO-RAD LABORATORIES, INC., HERCULES, CALIFORNIA
FOREIGN CORRUPT PRACTICES ACT

Synopsis: To request the opening of a Full investigation based on a request by the Department of Justice's Fraud Section, and to notify the International Corruption Unit of the case's opening.

Enclosure(s): Original and two copies of an LHM, which describes details of allegations received by San Francisco.

Details: On June 1, 2010, San Francisco Division received information from the Department of Justice, Fraud Section, concerning allegations of criminal violations of the Foreign Corrupt Practices Act (FCPA) by a U.S. corporation, Bio-Rad Laboratories (BRL). According to self-reporting by BRL, the company may have offered and/or paid bribes to foreign officials in Russia, Vietnam and Thailand, as well as other potential countries for the purpose of obtaining or retaining contracts in those countries.

BRL is incorporated in the State of Delaware, and has its headquarters in Hercules, California. BRL is a biotechnology company that develops, manufactures and sells a broad range of products for the life science research and diagnostic markets. The customers in those markets include, but are not limited to, hospitals, universities, research institutions, and private industry laboratories. BRL is listed on the New York Stock Exchange, and in 2009 it generated revenues of approximately $1.8

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205-SF-146500:2

billion dollars. BRL is a multinational company with more than 6,800 employees.

On June 1, 2010, DOJ attorneys, [redacted] and [redacted] advised case agent that BRL self-reported to the DOJ that potential FCPA violations may have been committed by BRL. During that disclosure, BRL advised that while conducting business in Russia it paid a 20% commission to an agent/consultant to secure a contract in Russia. The contract was worth $50 million dollars, therefore, the consultant was paid $10 million dollars. Based on an initial review of its records, BRL determined that the consultant did little, if any, work in exchange for the commission. The consultant's company was operated out of Panama, but his/her commission payment(s) was wired to a bank account in Latvia. The wire payment(s) was authorized by BRL's [redacted] is currently employed with BRL, and is believed to be working out of its Hercules, California, office. [redacted] citizenship status was unknown, but he may be a citizen of the U.S. and/or India. b6 b7C

BRL further advised the DOJ of potential violations in Vietnam and Thailand. BRL sold products to hospitals in both countries; many of the hospitals are evidently government owned. It is probable that a large percentage of those sales involved kickbacks. For example, in Vietnam, it is estimated that 70% of all sales involve kickbacks. BRL's Thai and Vietnamese operations are controlled by BRL's regional headquarters in Singapore.

Based on the above stated information, DOJ/FBI seeks to determine if BRL had knowledge of the alleged briberies or attempted briberies, and if, in fact, said briberies occurred. The investigation will focus on BRL's consultancy relationships with foreign companies, and its use of them as intermediaries for the purpose of circumventing the restrictions imposed by the Foreign Corrupt Practices Act. The FBI is concurrently investigating this case with DOJ trial attorneys [redacted] and [redacted] as well as AUSA [redacted] from the Northern District of California. b6 b7C

BRL is currently conducting an internal investigation concerning the potential FCPA violations. The law firm conducting that investigation is Steptoe & Johnson LLP, and the lead attorney is [redacted] b6 b7C

To: San Francisco From: San Francisco
Re: 205-SF-NEW, 06/07/2010

LEAD(s):

Set Lead 1: (Action)

CRIMINAL INVESTIGATIVE

AT WASHINGTON, DC, International Corruption Unit

Please disseminate the enclosed LHM to the appropriate persons at the Department of Justice.

♦♦-

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/15/2010

On June 10, 2010, attorneys [redacted] and [redacted] from the law firm Steptoe & Johnson LLP (Steptoe) represented their client, Bio-Rad Laboratories, Inc. (BRL), during a meeting with attorneys [redacted] and [redacted] from the Securities and Exchange Commission (SEC), attorneys [redacted] and [redacted] from the Department of Justice (DOJ), and Special Agent [redacted] from the Federal Bureau of Investigation (FBI). Steptoe's attorneys were accompanied by the chairman of Bio-Rad's [redacted]

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The purpose of the meeting was for BRL to provide initial results from its ongoing internal investigation. The investigation ensued after an internal audit, in 2009, discovered the probability of kickbacks being paid to employees at state-owned hospitals in Vietnam by BRL in exchange for contracts. If proven to be true, the payments would constitute violations of the Foreign Corrupt Practices Act (FCPA). Other likely FCPA violations occurred in Thailand, Russia and Brazil.

After proper introductions by all parties, the attorneys representing BRL, and [redacted] provided the following information:

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BRL is a biotechnology company that develops, manufactures and sells products for the life science research and diagnostic markets. As a multinational corporation, BRL completes sales through agents or distributors in more than 100 countries. In 2009, the company's sales revenue exceeded $1.7 billion, and its anticipated revenue for 2010 is $2 billion. Approximately 1/3 of BRL's sales are U.S. based, therefore, the majority of its sales are now international; BRL significantly expanded its international operations during the past decade. A large portion of those operations stem from BRL's acquisition of two companies: Sanofi and DiaMed. In 1999, Sanofi was acquired in France, and in 2007, DiaMed was acquired in Switzerland.

Although BRL is headquartered in Hercules, California, it allows its regional offices, which are internationally located, to control product sales in their areas of responsibility (AOR). With that said, BRL's Emerging Markets division, which operates out of headquarters, maintains ultimate control over large contracts from countries designated to that division. According to BRL's

Investigation on 06/10/2010 at Oakland, California (telephonically)

File # 205-SF-146500 Date dictated 06/15/2010

by SA [redacted]

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205-SF-146500 ; 3

PowerPoint presentation, the Czech Republic, Hungary, Poland, Russia and Estonia fall under the Emerging Markets division. Sales in Africa also fall under that division's control, however, neither the continent or its individual countries were listed in the presentation. BRL will provide the DOJ with a complete list of all countries that fall under that division's AOR. Emerging Markets does not have control over any of BRL's stated Asian-Pacific (A-P) markets.

During BRL's investigation, it determined that its diagnostics products are most likely to be plagued by corrupt sales. The corruption risk level is elevated for those products due to the fierce competitive markets for said products, and their commoditized nature. Examples of diagnostic products sold by BRL are HIV testing and Diabetes monitoring kits. Concerning BRL's life sciences products, the company rated their corruption risk low, because of the type of buyer for those products (corporate or university laboratories), and the products' non-commoditized nature (very sophisticated, high-cost equipment for specified research).

Prior to the discovery of potential FCPA violations, BRL did not have a general FCPA policy in place. Consequently, BRL's employees were not adequately trained on the Act's mandates. BRL's foreign offices were generally familiar with the company's anti-bribery policy, but not specific FCPA compliance dictates. Pre-investigation, FCPA-specific training was not conducted for BRL's controllers in foreign offices until Fall 2009. In accordance with the minimal training provided to BRL's employees, there was no FCPA due diligence exercised during the acquisition of other companies, e.g., Sanofi and DiaMed.

BRL's preliminary investigative report suggests that some of its compliance problems may be due to the pre-acquisition practices at Sanofi and DiaMed, which carried over under BRL's ownership. For instance, the acquired companies' management structures, IT systems, sales practices and personnel have not been fully integrated into BRL's U.S. compliance system. Although subsidiaries or representative offices of Sanofi and DiaMed maintain incompatible accounting systems, BRL is in the process of integrating them. However, the decentralized management structures at those companies made it difficult to adhere to the compliance measures established by BRL, because local equity holders preserved significant control prior to and following BRL's acquisition.

VIETNAM SALES & KICKBACKS

The aforementioned internal audit, from year-end 2009, that discovered potential FCPA violations stemmed from BRL's operations in Vietnam. Based on that discovery, BRL hired a forensic accounting firm, Protiviti, to complete an independent audit of its books and records. Furthermore, BRL's in-house counsel and attorneys from Steptoe interviewed BRL's Vietnam and A-P regional managers in February 2010; the A-P regional managers worked out of Singapore, at that time. During those interviews, the managers admitted a long-standing practice of paying kickbacks for sales contracts to employees at state-owned hospitals and labs in Vietnam.

From 2005 - 2009, BRL's sales in Vietnam totaled more than $43 million dollars. BRL's investigation, to date, indicates that approximately 70% of those sales involved kickbacks to government doctors or hospital administrators. Therefore, more than $30 million dollars of those sales were in violation of the FCPA. BRL primarily paid the kickbacks by inflating its margins through sales with a local distributor, Vimec. After the sales were complete, Vimec was given a "discount" on the price it had to pay back to BRL for the acquired products. The other method BRL used to pay kickbacks was through the use of false billings for "services" provided by companies in Vietnam.

According to BRL, its Vietnamese sales revenues were so small, in comparison to its other markets, that the potential corruption issues were not on headquarter's radar screen. There is no evidence that the payment issues were reported to headquarters. Starting in 2009 - present, [redacted] b6 b7C to work out of the A-P region's Singapore office. That point may be significant considering he was the first person out of that office to raise concerns about issues in Vietnam with BRL's internal auditors.

Prior to Singapore, the A-P office was located in Australia, and the regional manager at that time was an Australian national, [redacted] by BRL, but the reason for [redacted] was unknown by presenters; however, the presenters stated that it was not due to suspected FCPA violations. [redacted] is the current regional manager in [redacted] evidently approved two payments for Vietnamese sales contracts this year, 2010, but his awareness of FCPA violations was unknown. [redacted] is the current regional manager in [redacted] b6 b7C

THAILAND SALES & KICKBACKS

DiaMed Thailand (DT) is a small subsidiary of DiaMed (Switzerland), which was acquired in 2007 by BRL. DT's annual sales revenue in 2009 was approximately $2.8 million dollars. Prior to BRL's internal investigation, DT was managed by its local equity holder, who has a 30% stake in the company. An agent who was hired by DT, in Thailand, was paid a 13% commission for "services" rendered. Part of that commission was paid as kickbacks on numerous sales contracts. In addition to DT, BRL has a separate company operating out of Thailand, BRL-Thailand. There is no evidence, to date, indicating that BRL-Thailand engaged in similar practices as DT. The A-P regional managers were interviewed in February 2010 concerning the Thai transactions, and admitted awareness of the DT payments. There is no evidence that the kickback payments were reported to persons at BRL's headquarters.

BRAZIL EXPENDITURES

Another DiaMed subsidiary, DiaMed Brazil (DB), was acquired by BRL in its 2007 acquisition of DiaMed (Switzerland). DB's pre-acquisition practice of establishing a slush fund to pay for the expenses of Brazilian government officials carried over post-acquisition to BRL. In a nutshell, DB used 1% of its sales revenues to fund the travel and entertainment of governmental customers. Approximately $125,000.00 dollars were spent from that fund in 2009.

RUSSIA SALES & COMMISSION PAYMENTS

BRL-Russia secured sales contracts with government owned hospitals, totaling approximately $50 million dollars, from 2008 - 2009. A Russian agent, Riva, facilitated BRL-Russia's acquisition of said contracts by putting BRL-Russia in contact with the relevant governmental officials. In exchange for securing those contracts Riva was paid a 20% commission. BRL-France notified headquarters when payments needed to be made to Riva. To date, Riva has been paid approximately $8.25 million dollars for its services. Riva is owed another $740,000 dollars, but BRL (headquarters) is refusing to remit final payment due to its continuing internal investigation. Based on an initial review of its records, BRL determined that the agent did little, if any, real work in exchange for the commission.

Riva was incorporated in Panama, but the commission payments were wired to a bank account in Latvia. The wire payments were authorized by BRL's [redacted] Although [redacted] knew about the payments, it is unknown if he had detailed knowledge about the minimal work completed in exchange for them. The contracts were written in Russian, so it is unlikely that he actually reviewed them before signing, because [redacted] is not conversant with the language. That deficiency, however, may not have diminished his actual awareness of the illegal contracts. When [redacted] by BRL's attorneys, [redacted] the Russian contracts and commission payments, but he seemed to be open and honest about other matters. [redacted] was Riva's [redacted] and likely the company's alter ego. The [redacted] of BRL-Russia is [redacted]

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Cont'

REMEDIAL MEASURES (INTENDED AND ONGOING)

After being notified about potential FCPA violations, BRL immediately discontinued payments to agents and distributors in suspected problem countries. The local equity owner at DiaMed Thailand has been removed, and BRL is in the process of buying him out. BRL is in the process of developing a new, comprehensive FCPA policy. Interim policies have been implemented to ensure that BRL is duly diligent in its contracting with new agents and distributors. In February 2010, BRL began providing FCPA training to its internationally based personnel, and it has other scheduled training throughout the year.

In addition to the aforementioned, ongoing investigations, BRL is currently focusing on its offices and personnel in Spain and South Africa. The company plans to extend its investigations into its offices in France and Switzerland. BRL continues to investigate the Emerging Markets division. Six persons work in that division, and all of them have specific geographic responsibilities; all of those employees are [redacted] BRL will finish compiling commission payment information, and distributorship agreements. Due to Europe's month long vacation in August, BRL will likely refocus on its Asian investigations during that time.

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One binder and two Powerpoint presentations have been placed in a 1A Envelope, and will be maintained with the case file.

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/11/2010

On August 5, 2010, attorney [redacted] from Steptoe & Johnson LLP (Steptoe) represented his client, Bio-Rad Laboratories, Inc. (BRL), during a meeting with attorneys [redacted] and [redacted] from the SEC, [redacted] from the DOJ, [redacted] from the Northern District of California's U.S. Attorney's Office, and Special Agent [redacted] from the FBI. The purpose of the meeting was for BRL to provide updated results from its ongoing internal investigation. After proper introductions by all parties, BRL provided the following information: b6 b7C

BRL is in the process of finalizing its Foreign Corrupt Practices Act (FCPA) policy. Training sessions concerning FCPA compliance were recently completed throughout BRL's international offices, and will continue in accordance with the pending policy. BRL's itemized records indicate that it made illegal, kickback payments to employees at state-owned hospitals in Vietnam, totaling approximately $4 million dollars over-the-course of many years. Similar records concerning BRL's acquired company, Diamed-Thailand (DT), indicate that BRL made illegal payments in Thailand, totaling between $1 - $1.2 million dollars. Unlike DT, BRL-Thailand (BRLT) did not appear to have FCPA related issues, therefore, the two companies will be consolidated and managed under the direction of BRLT.

BRL's Asia-Pacific headquarters, which authorized the above stated transactions in Vietnam and Thailand, was located in Singapore, and [redacted] and, the [redacted] of BRL's sales division in Paris. BRL intends to terminate [redacted] employment, however, the company will delay that action until its internal investigation is complete. When BRL interviewed [redacted] in France he denied knowledge of the Vietnamese payments, but he acknowledged his awareness of the Thai payments. According to [redacted] he never reported the issues to his superiors, because [redacted] ensured [redacted] that the illegal payments would be stopped. When [redacted] was interviewed he advised that the illicit practices were well known throughout the company. [redacted] who is no longer employed with BRL; BRL is trying to determine his whereabouts. b6 b7C

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Investigation on 08/05/2010 at Oakland, California (telephonically)

File # 205-SF-146500 Date dictated 08/11/2010

by SA [redacted] b6 b7C

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205-SF-146500 ;4

RUSSIAN SALES & COMMISSION PAYMENTS

Protiviti, a forensic accounting firm, has been in France during the past couple of weeks completing a review of BRL-France's (BRLF) records. This is pertinent because BRLF authorized payments that were made by BRL's office in Russia. Protiviti preliminarily determined that 70% of payments made out of Russia were for biomedical sales, which leaves approximately 30% of payments unaccounted for. During the past five years, BRL made 109 questionable payments in Russia, totaling approximately $13 million euros. Many of those payments were made to the following consulting companies:

1) Zarina - incorporated in Belize, but received payments through an account in Lithuania;

2) Sheral - incorporated in the United Kingdom, but received payments through an account in Lithuania;

3) Anymed - incorporated in Uzbekistan, but received payments in Lithuania; and,

4) two companies (names unknown) - one incorporated in Connecticut and the other in New Zealand - both received payments through the same Lithuanian account used by Zarina.

It is highly probable that the aforementioned "consultants" were merely the alter egos of a [redacted] signed for receipt of the above stated payments. b6 b7C

During Protiviti's review of BRLF, it discovered that BRLF's accounting records were "terrible," and that there were many missing records. Many of the contracts entered into by BRLF, concerning Russia, were actually signed by persons from BRL's Emerging Markets division in Hercules, California. A number of those contracts involved BRL-Russia selling its products to private companies, but after those sales the ultimate buyer of said products was the Russian Ministry of Health, a publicly owned entity. The private companies merely served as conduits. Those same companies appear to have acquired those contracts through bidding processes; likely rigged. Other sales were made directly to the end-user, the Russian Ministry of Health, but commission payments were still made to consultants/agents; BRL has not been able to determine why.

Personnel in BRL-Russia and France still need to be interviewed, and after they are conducted persons from BRL's Emerging Markets division will be interviewed. Steptoe had BRL's Russian computers imaged, and several of Steptoe's associates are currently reviewing the documents. Many of those documents are in Russian, and the assigned associates are native Russian speakers. The documents may be of limited use, however, because so far it appears that BRL-Russia conducted little, if any, of its business via email. Concerning the aforementioned payments to Lithuanian bank accounts, BRL will provide the DOJ, SEC and FBI with copies of those transactions, including account information.

BRL is attempting to obtain images of computers from its French offices, but it has been a difficult task, so far, due to the privacy laws there. BRL was able to image [redacted] laptop, however, due to its location outside of France, at that time. [redacted] laptop still needs to be processed. b6 b7C

Unlike the Russian documents, BRL has been able to identify the underlying contracts relating to its contracts in the Balkans. However, the records are completely disorganized and the terms are unclear. Steptoe currently has a team in that region combing through documents.

Steptoe intends to review transactions related to Diamed Switzerland, which conducts business in Africa, Mexico, India and the Middle East. Although BRL conducts business in China, a high-risk market, no immediate red flags arose during BRL's review of its business dealings there. A Sarbanes-Oxley audit will begin in Mid-August 2010 - BRL will update the relevant government agencies accordingly.

BRL anticipated the conclusion of its Russian and French interviews by early September. Consequently, in mid-September, BRL will meet with the relevant government agencies to discuss its findings.

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/28/2010

On September 22, 2010, attorneys [redacted] and [redacted] from the law firm Steptoe & Johnson LLP (Steptoe) represented their client, Bio-Rad Laboratories, Inc. (BRL), during a meeting with attorney [redacted] and [redacted] from the SEC, attorney [redacted] from the DOJ, and Special Agent [redacted] from the FBI. The purpose of the meeting was for BRL to provide updated results from its ongoing internal investigation. After proper introductions by all parties, BRL provided the following information: b6 b7C

BRL had a policy that all commission payments amounting to or exceeding $200,000 dollars needed to be authorized by its [redacted] or [redacted] Due to the high volume of payment requests that came across the [redacted] did not have time to diligently review them, and acted as a rubber stamp in many cases. b6 b7C

The accounting firm Protiviti identified 149 commission payments paid by BRL-France between 2005 - 2009 based on sales in Russia. Only 112 of those payments could be linked to underlying sales contracts, which leaves 37 commission payments unaccounted for - totaling approximately $2.28 million euros. BRL's Russian sales during the aforementioned time frame were approximately $80 million euros. Some of the sales were made directly to government run hospitals or laboratories, and others were made to Russian distributors for resale to government hospitals or laboratories. Commission payments on BRL-Russia sales were paid by BRL-France to offshore bank accounts of agents/consultants. BRL's intra-company accounting for commission payments remains unclear.

Once the Emerging Markets division approved commission payments, the remaining approval process was routine; e.g., BRL's accountants in France, the [redacted] of BRL-France, [redacted] and the [redacted] all rubber stamped their approvals based on the endorsements of [redacted] and [redacted] is the [redacted] of Emerging Markets, and [redacted] is its [redacted] Both [redacted] and [redacted] worked for Sanofi, a French company acquired by BRL, for many years prior to the acquisition. b6 b7C

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Investigation on 09/22/2010 at Oakland, California (telephonically)

File # 205-SF-146500 Date dictated 09/28/2010

by SA [redacted] b6 b7C

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205-SF-146500;5

Commission payments were generally 20% to 30% of sale price, and wired to the agent's account in Latvia or Lithuania. Three companies were primarily used as agents: Riva (2008 - 2009); Zarina (2008); and, Sheral (2005 - 2007). Said companies were all [redacted] None of the companies were registered in Russia, and they did not have offices there. They were incorporated in different countries: Riva (Panama); Zarina (Belize); and, Sheral (England). Four other companies received commission payments, and all of them were linked to [redacted] No records or references to said agents appear in BRL-Russia's records or emails. b6 b7C

The [redacted] of BRL-Russia, [redacted] was interviewed and stated that agents/consultants did not perform services listed in the agency contracts - they merely ensured BRL won government contracts. [redacted] further explained the surreptitious nature of his meetings with [redacted]. The pair generally corresponded by phone and private email, and [redacted] agreed not to share [redacted] name with other BRL personnel. On the few occasions when [redacted] and [redacted] met in person they did so in the back of [redacted] car. b6 b7C

Prior to 2007, [redacted] claimed he did not know the nature of [redacted] clandestine relationship with BRL-Russia. In 2007, [redacted] was appointed [redacted] after his predecesor, Sergei Pablikov, committed suicide. During Pablikov's funeral, [redacted] approached [redacted] and proposed that they operate their business relationship in the same way that [redacted] and Pablikov had. According to [redacted] knew about the shell companies and [redacted] involvement when [redacted] approved the commission payments. When Steptoe asked to image [redacted] personal laptop, he stated that it had been stolen while he was in Budapest, Hungary. b6 b7C

Other BRL-Russia employees advised they had never heard of [redacted] or said shell companies. No one at BRL-France had seen the Russian agency agreements or had records of them. Steptoe did not find evidence of pass-through payments to government officials, and was unaware if payments, in whole or in part, went to BRL-Russia's employees. Furthermore, it was not clear how BRL-France accounted for commissions paid on sales made by BRL-Russia. The [redacted] of BRL-Russia, [redacted] was supposed to be interviewed, but [redacted] that may not happen. b6 b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 08/08/2011

On August 2, 2011, [redacted] date of birth [redacted] social security number [redacted] address [redacted] telephone number [redacted] was interviewed at the SEC's office: 5670 Wilshire Blvd., 11th Floor, Los Angeles, California. [redacted] was accompanied by his attorneys [redacted] from the law firm Nixon Peabody. SEC attorney [redacted] DOJ attorney [redacted] and SA [redacted] from the FBI conducted the interview. b6 b7C b7D

Prior to starting the interview, [redacted] was advised the information provided by him was in accordance with a proffer agreement. After proper introductions by all parties, [redacted] provided the following information: b6 b7C b7D

Prior to working for Bio-Rad Laboratories, Inc. (BRL), [redacted] b6 b7C b7D

[redacted] b6 b7C b7D

[redacted] b6 b7C b7D

Investigation on 08/02/2011 at Los Angeles, California

File # 205-SF-146500-35 Date dictated

by SA [redacted] JPW b6 b7C

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b7D

VIETNAM

[redacted]

b6
b7C
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[redacted]. Generally, BRL provides limited training to its customers regarding the use of BRL's products [redacted]

[redacted]

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[redacted]

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[redacted]

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[redacted]

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[redacted]

THAILAND

Concerning Diamed Thailand (DT), a subsidiary of BRL, [redacted] Prior to BRL's internal investigation, [redacted]

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[redacted]

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BRL'S UPPER-MANAGEMENT

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It is unlikely [redacted] BRL is continuously trying to find ways to engage in direct sales instead of relying on distributors to sale its products. Since BRL's investigation began, the company has implemented more compliance requirements, including standardized processes for its international offices to adhere to.

(Rev. 05-01-2008)

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 08/22/2011

To: Criminal Investigative **Attn:** International Corruption Unit
SSA [redacted] b6 b7C

Budapest **Attn:** Legat [redacted]
International Operations **Attn:** Eurasia Unit
FOS [redacted]

From: San Francisco
Squad C-6/Oakland RA
Contact: SA [redacted]

Approved By: [redacted] b6 b7C

Drafted By: [redacted] epw JPW

Case ID #: 205-SF-146500;37 (Pending)

Title: BIO-RAD LABORATORIES, INC., HERCULES, CALIFORNIA
FOREIGN CORRUPT PRACTICES ACT

Synopsis: To request Legat Budapest 1) verify the address of a witness; 2) contact the witness once verification is made; and 3) coordinate either a face-to-face interview or Video Teleconferencing interview for the witness, which will be conducted by a Department of Justice attorney and SA [redacted] b6 b7C

Enclosure(s): LHM dated June 8, 2010.

Details: In June 2010, FBI San Francisco began investigating Bio-Rad Laboratories, Inc. (BRL), for potential violations of the Foreign Corrupt Practices Act (FCPA). According to self-reporting by BRL, BRL likely offered and/or paid bribes to foreign officials in Russia, Vietnam, and Thailand for the purpose of obtaining or retaining contracts in those countries.

BRL is a U.S. based company, and its headquarters is in Hercules, California. BRL is a biotechnology company that develops, manufactures and sells a broad range of products for life science research and diagnostic markets. The customers in those markets include, but are not limited to, state-owned hospitals, universities and research institutions, as well as private industry laboratories.

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Concerning the witness, [redacted] who needs to be contacted and interviewed, there is documentary evidence suggesting she witnessed [redacted] within BRL to approve illegal payments to "consultants/agents" in Russia. The agents received payments in exchange for their "services." In actuality the agents did little, if any, substantive work for the money. However, the agents were able to secure lucrative government contracts, in Russia, for BRL due to the connections said agents had with Russian government officials. b6 b7C

To date, [redacted] is merely considered a witness, and there is no indication BRL paid illegal bribes in Hungary. BRL reported [redacted] The information [redacted] likely possesses concerns her time working in [redacted] According to BRL, [redacted] b6 b7C

Legat Budapest

San Francisco requests Legat Budapest 1) verify the address of [redacted] 2) contact [redacted] once verification is made; and 3) coordinate either a face-to-face interview or Video Teleconferencing interview for [redacted] which will be conducted by DOJ attorney [redacted] SEC attorney [redacted] and SA [redacted] b6 b7C

To: Criminal Investigative From: San Francisco
Re: 205-SF-146500, 08/22/2011

LEAD(s):

Set Lead 1: (Info)

CRIMINAL INVESTIGATIVE

AT ICU, WASHINGTON, DC

Read and Clear.

Set Lead 2: (Info)

INTERNATIONAL OPERATIONS

AT WASHINGTON, DC

Read and Clear.

Set Lead 3: (Action)

BUDAPEST

AT BUDAPEST, HUNGARY

San Francisco requests Legat Budapest 1) verify the address of [redacted] 2) contact [redacted] once verification is made; and 3) coordinate either a face-to-face interview or Video Teleconferencing interview for [redacted] which will be conducted by DOJ attorney [redacted] SEC attorney [redacted] and SA [redacted]

b6
b7C

♦♦

[redacted] b7E

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UNCLASSIFIED ~~FOUO~~

FM DIRECTOR FBI
TO ALL FBI FIELD OFFICES/ROUTINE
INFO AMEMBASSY ABU DHABI/ROUTINE/
AMEMBASSY AMMAN/ROUTINE/
AMEMBASSY BAGHDAD/ROUTINE/
AMEMBASSY MUSCAT/ROUTINE/
AMEMBASSY RABAT/ROUTINE/
AMEMBASSY SEOUL/ROUTINE/
AMEMBASSY TUNIS/ROUTINE/
CIA WASHINGTON DC/ROUTINE/
DEPT OF COMMERCE WASHINGTON DC/ROUTINE/
DEPT OF JUSTICE WASHINGTON DC/ROUTINE/
DEPT OF STATE WASHINGTON DC//INR/ROUTINE/
DEPT OF TREASURY WASHINGTON DC/ROUTINE/
LEGAT ABU DHABI/ROUTINE/
LEGAT ALGIERS/ROUTINE/
LEGAT AMMAN/ROUTINE/
LEGAT BAGHDAD/ROUTINE/
LEGAT RABAT/ROUTINE/
LEGAT SEOUL/ROUTINE/
BT

SERIAL: (U//~~FOUO~~) [redacted] b7E

DATE OF PUBLICATION: (U) 072108Z SEP 11

FEDERAL BUREAU OF INVESTIGATION

INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE

COUNTRY OR NON STATE ENTITY: (U) UNITED STATES; IRAN; MOROCCO; TUNISIA; KOREA, SOUTH; IRAQ

SUBJECT: (U//~~FOUO~~) US COMPANY'S KICKBACKS AND OTHER ILLEGAL PAYMENTS TO REPRESENTATIVES OF COMPANIES IN IRAN, MOROCCO, TUNISIA, SOUTH KOREA, OMAN, AND IRAQ, AS OF JUNE 2011

DATE OF INFORMATION: (U) 30 JUN 2011

SUMMARY: (U//~~FOUO~~) AS OF 30 JUNE 2011, AN IDENTIFIED US COMPANY MADE KICKBACKS AND OTHER ILLEGAL PAYMENTS TO REPRESENTATIVES OF COMPANIES IN IRAN, MOROCCO, TUNISIA, SOUTH KOREA, OMAN, AND IRAQ.

SOURCE: (U) AN FBI AGENT.

CONTEXT: (U//~~FOUO~~) THE FOLLOWING INFORMATION WAS OBTAINED DURING AN FBI INTERVIEW OF THE COMPANY REPRESENTATIVE PERSUANT TO A PROFFER AGREEMENT. THE REPRESENTATIVE MAY HAVE BEEN WITHHOLDING INFORMATION OR PROVIDING MISINFORMATION TO MITIGATE CRIMINAL PROCEEDINGS OR FOR IDEOLOGICAL REASONS.

WARNING: (U) THIS IS A RAW INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. IT IS BEING SHARED FOR INFORMATIONAL PURPOSES, BUT HAS NOT BEEN FULLY EVALUATED, INTEGRATED WITH OTHER INFORMATION, INTERPRETED, OR ANALYZED.

TEXT:

1. (U//~~FOUO~~) [redacted] b7D

[redacted]

2. (U//~~FOUO~~) [redacted] b7D

[redacted]

205-SF-146500 - 38

[redacted] b7D b7E

3. (U//~~FOUO~~) [redacted] b7D

[redacted]

4. (U//~~FOUO~~) [redacted] b7D

[redacted]

5. (U//~~FOUO~~) [redacted] b7D

[redacted]

6. (U//~~FOUO~~) [redacted] b7D

[redacted]

7. (U//~~FOUO~~) [redacted] b7D

[redacted]

COMMENTS:
1. (U//~~FOUO~~) FBI COMMENTS: SOURCE IS AVAILABLE FOR RE-CONTACT. ADDITIONAL INFORMATION IS AVAILABLE.

TOPIC: (U//~~FOUO~~) TRAD

FUNCTIONAL CODE: (U) IFC1500

REQUIREMENT: (U//~~FOUO~~) USA-FCPA-CID-SR-0126-10.I.A.1; USA-FCPA-CID-SR-0126-10.I.A.2; NTP-CID-003-10

INSTR: (U) U.S. NO.

DATE OF ACQUISITION: (U) 30 JUN 2011

POC: (U) PLEASE NOTE CHANGES ON CONTACTING THE FBI FOR INFORMATION REQUESTS. DIRECT REQUESTS FOR INFORMATION (RFI), COMMENTS, EVALUATIONS, AND REQUIREMENTS TO [redacted] b7E

[redacted] PLEASE INCLUDE THE SERIAL NUMBER AND SUBJECT OF THE REPORT WHEN

CORRESPONDING ABOUT THIS REPORT. PLEASE TELEPHONE [redacted] FOR URGENT OR FOLLOW-UP RFI MATTERS ONLY. b7E

WARNING: (U) REPORT CLASSIFIED U N C L A S S I F I E D -- ~~FOR OFFICIAL USE ONLY~~

==========DISSEMINATION==========

AGENCY: (U) CIA, COMMERCE, FBI, JUSTICE, STATE, TREASURY

US MISSION: (U) ABU DHABI, AMMAN, BAGHDAD, MUSCAT, RABAT, SEOUL, TUNIS

MILITARY: (U) NONE

STATE/LOCAL: (U) NONE

==========CLASSIFICATION==========

DECL: 20360907

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BT

END OF MESSAGE

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/28/2011

AUSA [redacted] Northern District of California, received the following binder and compact disc (CD) from one of the law firms, Steptoe & Johnson, representing Bio-Rad Laboratories, Inc. (BRL): b6 b7C

1) One CD, dated July 25, 2011, containing documents relating to Russian sponsorships provided by BRL's Emerging Markets group; and

2) One binder, dated July 27, 2011, containing materials used to conduct interviews in France and the United Kingdom.

The above stated materials have been placed in 1A envelopes and will be maintained with the case file.

S:/27/epw02.wpd

Investigation on 09/28/2011 at Oakland, California

File # 205-SF-146500 Date dictated

by SA [redacted] b6 b7C

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FD-999
2.1
Revised
06-07-2011

FEDERAL BUREAU OF INVESTIGATION

ASSISTANCE/DISSEMINATION/LIAISON PROVIDED TO OTHER AGENCIES

Type of Contact:
Record of Dissemination of Information to Other Agencies

Date:
09/08/2011

Dissemination To:

Check LEC: Office of Law Enforcement Coordination

or Select a Division/Field Office (Show Legats?):

Select the Responsible Division/Field Office:
San Francisco

Program:
FCPA

DOMESTIC AGENCY RECEIVING DISSEMINATION

Agency Type:
USIC

Contact Name: *(Last, First, Middle)*
Multiple agencies.

Title/Rank:

Agency Name:
Multiple agencies.

Agency Address:

Work Phone:

Cell Phone:

E-mail Address:

Type of Contact:
Telephonic ✓ Email Meeting Conference Note Fax

Date of Interaction:
09/07/2011

DETAILS OF DISSEMINATION

Examples: "Prosecution of a local case.", "Requested by Sheriff's Office.", "Relates to another agency matter."

Dissemination Specifics: **Illegal payments to foreign companies.**

Date of Dissemination:
09/07/2011

Ongoing Dissemination / One Time Dissemination:

One-time Date: **09/07/2011**

Ongoing • One-time

Oral • Written

Short Description of Information Disseminated:

For example: Interview 302s, Case Files, etc.

IIR re illegal payments to foreign companies.

List All Associated Case Files. If the dissemination is ongoing and information is disseminated from case files other than these, a new FD-999 should be completed.

If information was disseminated from more than one serial in the same case file, all serial numbers may be listed in one Associated Serial Number field. (i.e. "1, 5, 11, 35") If dissemination is ongoing, list all serials which have been disseminated as of the date of this report and end the entry with "and future serials".

Associated Case ID:
205-SF-146500

Associated Serial Number:
38

ADMINISTRATIVE

FBI Employee Reporting the Dissemination

Name:

Email:

205-SF-146500; 40

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[ ] (SF) (FBI) [ ] b6 b7C
*(Enter the Last Name, First Name and click the **Find** button.)*

Disseminated By:

✓ Same as FBI Employee Reporting the Dissemination

Name: Email:

[ ] (SF) (FBI) [ ] b6 b7C
*(Enter the Last Name, First Name and click the **Find** button.)*

Squad/Unit/RA:
I4

Classification:

• Unclassified Confidential Secret

Dissemination controls:

NOFORN ORCON ☐ FOUO ☐ PROPIN ☐ LES ☐ RELIDO ☐ FISA

FGI REL TO

Edit Classification Text

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Approved By:

Name: Email:

[ ] (SF) (FBI) [ ] b6 b7C
*(Enter the Last Name, First Name and click the **Find** button.)*

Signature:_____ Date:_____

ACS UPLOAD INFORMATION

Decision:
Approve Request

Comments:
(before hitting the reject button, fill in this field with information on why the form was rejected)

Case ID:

Case ID:	Uploaded:	Serial:
	☐	
205-SF-146500	☐	40

Author: [ ] b6 b7C

ATTACHMENTS

Upload to ACS

✓ Description: Attachment:

File Attachment Case ID: Serial Num:

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GRANT ACCESS TO

Name: Email:

Last Name, First Name

*(Enter the Last Name, First Name and click the **Find** button.)*

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/28/2011

On September 23, 2011, attorneys [redacted] and [redacted] from the law firm Steptoe & Johnson (Steptoe) represented their client, Bio-Rad Laboratories, Inc. (BRL), during a meeting with attorney [redacted] from the DOJ, and Special Agent [redacted] from the FBI. BRL provided interview downloads from its ongoing, internal investigation. After proper introductions by all parties, BRL provided the following information: b6 b7C

[redacted] b6 b7C

Steptoe interviewed [redacted] over-the-course of two days, March 8 - 9, 2011. [redacted] for BRL's European operations. [redacted] was described as [redacted] From [redacted] BRL's [redacted] from [redacted] worked in one of BRL's offices in [redacted] from [redacted] worked out of BRL's offices [redacted] from [redacted] has been primarily based in [redacted] Throughout the aforementioned time frame, [redacted] has served in different capacities as a [redacted] for BRL. b6 b7C

[redacted] first became aware of BRL's probable Foreign Corrupt Practices Act (FCPA) violations in [redacted] Prior to her [redacted] was unfamiliar with the FCPA; however, she stated she was educated on BRL's code of ethics, which also prohibits the use of bribery to obtain or retain contracts from foreign public officials. Additionally, [redacted] advised that common sense dictated such payments were improper. [redacted] despite the lack of FCPA training she received. As a [redacted] was surprised and angered by the allegations facing BRL. b6 b7C

Concerning BRL's acquisition of Diamed, [redacted] stated her belief that BRL was, overall, duly diligent. However, she advised that BRL should have been more thorough when assessing Diamed's subsidiaries. Considering Diamed was a closely-held, privately owned company, BRL did not have adequate access to Diamed's books b6 b7C

S:\272epw01.wpd [redacted] b7D

Investigation on 09/23/2011 at Oakland, California

File # 205-SF-146500 Date dictated

by SA [redacted] b6 b7C

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and records prior to the acquisition. BRL, however, wanted to acquire Diamed, because it was an extremely profitable company. [redacted] of Diamed prior to its acquisition. b6 b7C

Post-acquisition, significant measures were enacted to modify the corporate culture that persisted pre-acquisition. For example, stronger accounting controls were implemented. Additionally, many of Diamed's long-term employees were terminated. Said terminations proved to be problematic, however, because [redacted] team had limited personnel to approach when attempting to understand Diamed's prior business operations. For instance, Diamed used complex accounting practices, which were difficult for [redacted] team to understand. b6 b7C

One of the aforementioned practices entailed the use of credit notes: 1) Diamed sold its product to a distributor at price X; 2) the distributor then sold the same product to a customer at price X + Y (Y represents the additional price pre-determined by Diamed); and 3) the distributor kept the difference between Diamed's original sales price and the price paid by the customer. The profit realized by the distributor amounted to a commission. Although said accounting practices were less than transparent, no improper transactions were discovered. On a related note, distributors and customers were provided training by Diamed, in Switzerland, but none of the sponsorships appeared to be improper.

After the acquisition, Diamed's finance functions were split in two; manufacturing and international sales. [redacted] team handled the manufacturing portion, and BRL's Emerging Markets (EM) division was responsible for international sales. The former [redacted] and [redacted] international sales. BRL completely integrated its own marketing and sales processes into Diamed. In approximately 2011, [redacted] for all of Diamed's [redacted] b6 b7C

Prior to [redacted] working under [redacted] maintained a good working relationship. For a period of time, [redacted] actually worked for [redacted] However, after [redacted] began working for [redacted] she closed herself off from [redacted] and was not open to criticism. At one point, [redacted] questioned [redacted] about EM's business practices, and [redacted] instructed [redacted] to mind her business. b6 b7C

BRAZIL

Concerning blood bartering, which BRL engaged in with clinics and hospitals in Brazil, [redacted] had no knowledge of said transactions prior to the initiation of BRL's internal investigation. [redacted] based her lack of knowledge on the fact that her expertise is focused on [redacted] of the house - not sales. b6 b7C

OMAN

[redacted] was aware of Diamed's use of a distributor in Oman, but she had no actual knowledge of him/her, because any transactions concerning Oman were overseen by EM. b6 b7C

IRAN

Any sales made by Diamed to the Iranian Blood Transfusion Organization (IBTO) were in compliance with laws governing U.S. sanctions. Selling products in Iran can be problematic, but Diamed only sold Swiss products in Iran, so there were no violations of U.S. law. The IBTO is Diamed's largest customer in Iran.

EGYPT

[redacted] had a difficult time understanding who controlled Diamed's subsidiary in Egypt due to the company's shared ownership structure. For example, Diamed owned approximately 49% of the company, and the other 51% of the company was owned by unknown sources in Egypt. That business relationship would have been severed long ago, but Diamed is servicing a legacy contract, i.e., a contract entered into prior to BRL's acquisition of Diamed. [redacted] Diamed's portion of the business in Egypt. b6 b7C

RUSSIA

Concerning commission payments made in Russia from approximately 2004 - 2005, [redacted] did not recognize the majority of names listed as distributors who received payments from BRL. [redacted] acknowledged the commission payments appeared to be quite large; however, the payments did not stand out to her as odd, because commission payments in Russia tended to be larger than in other countries. [redacted] had a reputation for lavishly entertaining b6 b7C

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

San Francisco, California
June 8, 2010

BIO-RAD LABORATORIES, INC., HERCULES, CALIFORNIA
FOREIGN CORRUPT PRACTICES ACT

On June 1, 2010, San Francisco Division received information from the Department of Justice, Fraud Section, concerning allegations of criminal violations of the Foreign Corrupt Practices Act (FCPA) by a U.S. corporation, Bio-Rad Laboratories (BRL). According to self-reporting by BRL, the company may have offered and/or paid bribes to foreign officials in Russia, Vietnam and Thailand, as well as other potential countries for the purpose of obtaining or retaining contracts in those countries.

BRL is incorporated in the State of Delaware, and has its headquarters in Hercules, California. BRL is a biotechnology company that develops, manufactures and sells a broad range of products for the life science research and diagnostic markets. The customers in those markets include, but are not limited to, hospitals, universities, research institutions, and private industry laboratories. BRL is listed on the New York Stock Exchange, and in 2009 it generated revenues of approximately $1.8 billion dollars. BRL is a multinational company with more than 6,800 employees.

On June 1, 2010, DOJ attorneys, [redacted] and [redacted] advised case agent that BRL self-reported to the DOJ that potential FCPA violations may have been committed by BRL. During that disclosure, BRL advised that while conducting business in Russia it paid a 20% commission to an agent/consultant to secure a contract in Russia. The contract was worth $50 million dollars, therefore, the consultant was paid $10 million dollars. Based on an initial review of its records, BRL determined that the consultant did little, if any, work in exchange for the commission. The consultant's company was operated out of Panama, but his/her commission payment(s) was wired to a bank account in Latvia. The wire payment(s) was authorized by BRL's [redacted] is currently employed with BRL, and is believed to be working out of its Hercules, California, office. [redacted] citizenship status was unknown, but he may be a citizen of the U.S. and/or India.

b6
b7C

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